



## PRIORITY INVESTMENT

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The Priority Investment Element inventories potential funding sources and forecasted revenues available to finance planning initiatives, capital improvements, and other quality of life projects in the community. Planning for new roads, new parks, new fire trucks or new schools is the easy part; figuring out a long range capital plan to pay for them is the true challenge. New growth and development demand additional public services, roads, and utilities. Managing available revenue sources and enumerating project needs helps ensure that adequate capacity is available to serve the magnitude and timing of anticipated development.

In essence, the Priority Investment Element should be a catalyst for the development of a more formalized Capital Improvement Planning Process and the incorporation of capital planning elements in our annual budgets that looks beyond year to year budget cycles.

Moreover, the Element calls out for improved coordination across multiple disciplines: Land Use, Transportation, Schools, and other Public Facilities should be planned and programmed not in a vacuum, but in a manner which anticipates the impacts each has on the other.

Plans, programs, policies, and capital projects recommended in the PIA address needs highlighted throughout the Comprehensive Plan for the City and County of Sumter as well as related entities.

### Current Local Government Funding Sources

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The following revenue sources and funding mechanisms are used by the City of Sumter and/or Sumter County to fund large-scale planning initiatives or capital improvements.

#### *General Fund*

The General Fund accounts for all funding resources in the City and County not otherwise devoted to specific activities. This funding source includes revenues from ad valorem taxes (real estate and personal property), licenses and permits, charges for services, intergovernmental funding, other taxes, and miscellaneous revenue and other funding sources. These funds are generally spent on general government services, public safety, public works and utilities, and health and human services. Expenditures include, but are not limited to, salaries for department employees, supply and fuel costs, and building improvements. Capital and infrastructure are funded in part through the General Funds.

The FY 2010 Budget for the City was \$52,618,275.



The FY 2009/2010 Budget for the County was \$41,836,436.

### ***Grants***

Grants represent discretionary, lump-sum funding secured by the City or County for specific one-time projects.

There is no assurance that previous grant monies will be made available again in the future; however, the Comprehensive Plan assumes some growth will continue to be funded with grants.

In many cases, receiving grant monies obligates the County to spend additional dollars to meet local match requirements for the grant received.

### ***C-Funds***

C-Funds are allocated to each County within the State by the South Carolina Department of transportation (SCDOT) for the purpose of transportation improvements. The source of the funds is the State gasoline tax and State law requires that these improvements be tied to the transportation system and that at least 25% of the funds be spent on the state highway system. Funds are awarded through a competitive process by a committee designated by the State Legislature, referred to as the County Transportation Committee (CTC). These funds reimburse the City and County for specified projects approved by the CTC. As a result, C-Funds are restricted for specific uses and cannot be used for all capital projects. More often than not, C-Funds are used for street/road paving and repaving projects.

Sumter County received \$900,000 in C-funds in FY09/10. The City is allocated 25% of that amount. However, because of ever changing allocation of these funds by the state, the amount of funding differs every year. For the purposes of this analysis, we assume that the County will receive \$900,000 a year for the duration of the planning horizon.

### ***Federal Highway Administration (FHWA) Guideshares***

Guideshare funding is available for each of the South Carolina Metropolitan Planning Organizations (MPO) and Councils of Government (COG) for system upgrade projects. This dollar amount is calculated by taking the MPO's or COG's specific proportion of the state population and applying it to the total available funds for system upgrades. The funds are allocated in the Federal Highway Appropriation Bill.

The Sumter Area Transportation Study (SUATS) is the MPO for the urbanized area of Sumter County. SUATS receives \$2,594,000 per year in Guideshares; these funds are programmed for the Alice Drive widening through 2014.



Santee Lynch Council of Governments (SLCOG) receives Guideshares for the rural area of Sumter County as well as Clarendon, Lee and Kershaw Counties. They currently receive \$3,747,000 a year.

### ***Transportation Enhancement Funds***

Transportation enhancement funds are available for environmentally related activities that improve the transportation experience, including landscaping, bicycle and pedestrian facilities, historic preservation and other visual amenities related to the transportation system. These funds are administered through SUATS, which currently is allocated approximately \$250,000 a year.

### ***General Obligation Bonds***

General Obligation Bonds (GO Bonds) are backed by the “full faith and credit” of the City and County, and are usually considered a safe investment for bondholders. The principal and interest on general obligation bonds are normally paid through a property tax levy.

The City and County have bonded significant facilities from 2000 to 2009 including a library, landfill expansion, and water and sewer utility improvements, showing that this financing mechanism is fundamental for local governments. However, bonding capacity is limited by both state and local laws.

### ***Lease-Purchase Agreements***

Lease-Purchase Agreements allow a local government to acquire capital assets by making a series of lease payments that are considered installments towards the purchase of the asset. Under a lease-purchase agreement, the local government acquires full ownership of the property covered by the lease by making all of the lease payments over the full term of the lease.

Often, the City and Sumter County utilize this finance tool to fund capital equipment needs such as office equipment, furniture and vehicles. In FY 2009/10 the County approved \$1,262,011 in purchases under their Lease-Purchase plan. Lease-Purchase agreements are executed on an annual basis based on capital needs by department.

### ***Road User Fee***

Sumter County currently collects a road user fee on all motorized licensed vehicles. The road user fee is expected to generate \$1,185,000 in FY 09/10.



***City of Sumter Water and Sewer Enterprise Fund***

The City operates a public water and sewer utility, sometime referred to as an Enterprise Fund. In the fiscal years 2004-2010 Water and Sewer operations generated average revenue of \$16.1 million. The City limits transfers from the Water and Sewer Enterprise Fund to the General Fund on an annual basis to 5%.

***Local Hospitality Tax***

A local hospitality tax is levied on consumers purchasing prepared foods and beverages from vendors located within the jurisdiction enacting the tax. Counties in South Carolina are authorized levying in hospitality tax of up to 2% if approved by a majority of the governing body. This tax limit is reduced to 1% if it is not also approved by municipal governing bodies within the County (see S.C. Code of Laws, Section 6-1-700).

The local hospitality tax is expected to generate approximately \$40,000 for the County in FY10.

The local hospitality tax is expected to generate approximately \$350,000 for the City of Sumter in FY10.

***Local Accommodation Tax***

A local accommodation tax is levied on the rental of rooms, lodging, or sleeping accommodations. Local governments in South Carolina are authorized levying an accommodation tax of up to 7% of the gross proceeds derived by business owners renting rooms, lodging, or sleep accommodations. An accommodation tax also imposes a sales tax of up to 5% on additional guest services offered at facilities not otherwise taxed under South Carolina law (see S.C. Code of Laws, Section 12-36-920).

The local accommodations tax is expected to generate approximately \$400,000 for the County in FY10.

The local accommodations tax is expected to generate approximately \$1,900,000 for the City of Sumter in FY10.

***Local Option Sales Tax***

The State of South Carolina authorizes local governments with the power to collect three types of sales tax. The first is a voter-approved capital project sales tax, which must be used to fund certain projects such as government buildings, bridges, and recreation facilities (see S.C. Code of Laws, Section 4-10-310). This 1% sales tax can be collected by a local government for up to seven consecutive years.



The second sales tax is a voter-approved local option sales tax (see S.C. Code of Laws, Section 4-10-20). This tax requires a property tax credit for county taxpayers totaling the amount of the revenue raised. This 1% tax has no duration limitations.

The third sales tax is a transportation authority sales tax, which must be used to fund transportation-related capital projects such as highways, secondary roads, and drainage facilities related to transportation (see S.C. Code of Laws, Section 4-37-10). This 1% sales tax can be collected by a local government for up to 25 consecutive years.

Sumter County voters approved a Capital Projects Sales Tax in November 2008, with collections beginning May 1, 2009. The Capital Projects Sales Tax is a 1% increase, with 100% of the proceeds going towards 16 identified capital projects in both the City and County. It is a seven year tax, through 2015, expected to generate over \$70,000,000.

### **Potential Funding Sources**

Additional revenue sources are available to the City and County for funding large-scale planning initiatives or capital improvements. Some of these sources require action by City or County Council in accordance with the Code of Laws of South Carolina as amended. A summary of potential funding sources available for recommended projects in the comprehensive plan follows. Individual limitations or conditions for each option have not been reviewed for this document.

#### ***American Recovery and Reinvest Act (ARRA)***

The American Recovery and Reinvestment Act of 2009, (ARRA), is an economic stimulus package enacted by Congress in February 2009. The Bill is intended to provide a stimulus to the economy. An estimate \$787,000,000 was available for a variety of purposes including tax cuts, unemployment, public safety, community development, energy efficiency, consumer spending and infrastructure. It is possible that additional funding may be available through the 2009 Act or in the form of a second ARRA Bill.

#### ***Revenue Bonds***

Revenue bonds are used when the City or County issues a bond and pledges the revenues received from services provided as payments for the debt service. This revenue is used to pay both principal and interest on the bond. While revenue bonds incur slightly higher interest costs than general obligation bonds, they do not use up the City or County's bond capacity.

The County evaluates the use of revenue bonds on an annual basis. Currently the County is not utilizing revenue bonds for financing capital projects because general obligation bonds have had lower interest rates.



### ***Real Estate Transfer Fees***

A real estate transfer fee is a charge on the transfer, sale, or conveyance of real property. It is applied against the purchase price of the property, and can be restricted to certain types of capital expenditures. The South Carolina Legislature has strictly forbidden the implementation of a real estate transfer fee without expressed authorization from the state legislature (see S.C. Code of Laws, Section 6-1-70).

### ***Local Improvement Districts (LIDs)***

Counties and municipalities in South Carolina are authorized to create a local improvement district for capital projects. Provisions for assessing and levying property taxes in different areas and at different rates are set forth in the Code of Laws of South Carolina, Section 4-9-30(5)(a). A local improvement district links together the costs and benefits resulting from new or upgraded capital facilities. Generally, property owners in the new tax district must agree to the new assessment. Capital projects in the special benefit tax district can be bond-financed and paid over time by the benefitting property owners to expedite implementation.

The City of Sumter employs a Tax Increment Finance District (TIF) in the downtown area. Taxes generated from this district should equal approximately to \$300,000 in 2010.

### ***State Infrastructure Bank***

The South Carolina State Infrastructure Bank (SIB) selects and assists in financing major qualified projects by providing loans and other financial assistance for constructing and improving highway and transportation facilities. Funds are awarded on a competitive basis.

### ***State Transportation Improvement Program***

The State Transportation Improvement Program (STIP) is a prioritized list of transportation projects prepared by the South Carolina Department of Transportation to be implemented statewide in appropriate stages over several years.

Sumter County and the City of Sumter provide comment on the STIP through participation in the Sumter Urban Area Transportation Study (SUATS) the local Metropolitan Planning Organization (MPO); and through participation in the Santee-Lynches Council of Governments (SLCOG).

### ***Developer In-Kind Contributions***

In some instances, the owner(s) of property seeking entitlements for their land may elect during the development review process to donate right-of-way or construct certain 'oversized' capital projects simply for the public good as well as to serve their development. The type and/or magnitude of these contributions vary greatly from location to location and owner to owner.



### ***Impact Fees***

Impact Fees are intended to enable new growth to pay for the services it generates a need for such as schools, recreation, and public safety. These fees are established based on the capital and operating impacts of new development and are paid by the developer or ownership interest.

### **Available Revenue Summary Table**

Table PI-1 provides a summary of available revenue anticipated for funding the capital projects recommended in the comprehensive plan for the ten-year planning horizon. The table includes only those revenue sources that can be reasonably expected for funding future capital projects. The sources do not include available bonding capacity or specific general revenue available for capital expenditures. Those specific figures should be programmed after formal capital planning processes occur both City and County wide.

### **Identified Capital Projects**

Table PI-2 identifies the capital projects recommended in the comprehensive plan and/or by the City of Sumter, Sumter County through other planning mechanisms. It is acknowledged from the outset that both the City and County approach capital planning in a short term, “pay as you go” budgetary manner. Revenue challenges and a limitation on funding options typically drive funding objectives. That said, identifying long range capital needs on a more formalized basis is strongly recommended by this Plan. The Penny Sales Tax Referendum was a fine example of widening the planning time horizon. Planning for Capital needs is an integral part of planning for the growth of the community. New development creates a need for water and sewer, parks, police, schools and other services, that, unless planned for, may lead to service provision shortfalls.

The Preliminary Ten-Year Schedule of Capital Projects details capital projects identified during the Comprehensive Plan process and recommended through Fiscal year 2019. They should not be seen as an exhaustive list; there are other projects surely to be identified or imagined during the next ten years. The incorporated list of projects were compiled from multiple sources, including the County identified projects from the Three-Year Capital Improvement Plan, Capital Projects Sales Tax Referendum, the SUATS Transportation Improvement Program (TIP), The SUATS Long Range Transportation Plan, and the Comprehensive Plan.

Please note that the full slate long range transportation projects are not identified in this chapter. They can be found in great detail in the SUATS Long Range Transportation Plan incorporated by reference in this document.





Finally, although interviews were completed with representatives from School District 2 and 17, their capital planning efforts are not included. We recommend integration of the School Districts capital planning once consolidation of District 2 and 17 is completed.

### **PRIORITY INVESTMENT AREAS**

The Priority Investment Act (PIA) allows local governments to develop market-based incentives and to reduce the unnecessary housing regulatory requirements to encourage development of traditional neighborhood designs and affordable housing in priority investment areas.

Priority investment areas have been identified within the Suburban Development Policy Area of the land use element. These areas have been identified in an effort to direct and concentrate new development opportunities more prominently. These are areas where the City and County want to encourage affordable and market rate residential, commercial and mixed use development/redevelopment. Areas designated are established corridors or areas as well as new Greenfield sites. The Priority Investment Act may support extraordinary actions in these areas: the City and County may relax certain requirements, waive regulatory burdens, or develop incentives to direct development to these locations.

On the land use plan map these areas are identified as: Priority Economic Development Areas; Priority Commercial/Mixed-Use Areas; and Priority Corridors. In addition to these Priority Investment Areas, the Suburban Development Policy Area and Downtown Planning Area both speak to the need to relax or revise regulations to promote development/redevelopment of affordable housing through overarching changes to the respective zoning ordinances.

### **INTERGOVERNMENTAL COORDINATION**

Through this Comprehensive Plan update, Sumter has taken strides to effectively manage growth, development, and redevelopment over the next 20 years. For goals to be achieved, however, it is important to recognize that many other stakeholders influence, and are influenced, by the growth and development decisions made in Sumter.

Under the new Priority Investment Act (PIA), the City and County must coordinate with adjacent relevant jurisdictions and agencies before recommending projects for public expenditure. Frankly, coordination equates to notice. Below is a list of those jurisdictions and agencies provided the opportunity to be involved in the development of the Sumter Comprehensive Plan:





#### Cities/Towns

- City of Sumter
- Town of Pinewood
- Town of Mayesville

#### Counties

- Richland County
- Lee County
- Clarendon County
- Kershaw County
- Florence County

#### School Districts

- Sumter School District Two
- Sumter School District Seventeen

#### Utility Providers

- City of Sumter Public Services Department
- Dalzell Water District
- Oswego Rural Water Company
- High Hills Rural Water Company, Inc.
- Black River Electric Cooperative
- Progress Energy Carolinas
- Farmers Telephone Cooperative

#### Military Installations

- Shaw Air Force Base

#### State Agencies

- S.C. Department of Health & Environmental Control (DHEC)
- S.C. Department of Transportation (SC DOT)

#### Regional Agencies

- Santee-Lynches Regional Council of Governments
- Santee-Wateree Regional Transit Authority (RTA)



### **Priority Investment Element Policies**

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1. The City and County encourage broad coordination among departments, agencies, and related entities on matters of growth and development related to the provision of public services.
2. The City and County encourage the provision adequate public services in a timely, efficient, and fiscally constrained manner.